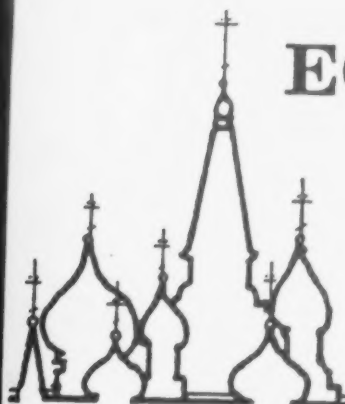




ECONOMIC NEWSLETTER

Russian Research Center

Harvard University

Volume XIV, No. 1
September 2, 1989

GLASNOST' IS CURRENTLY HALF A GLASS

The Soviets continue to hold back information that they published regularly only a year or so ago. We now receive industrial output figures every quarter rather than every month, and a look at the report for the first six months of 1989 suggests why: the news is not very good. In addition, however, the Soviets apparently have now stopped publishing quarterly foreign trade figures as well. We will have to see if they publish them after six months. Thus far, we have not been able to find a report for the first quarter of 1989. If any of our readers know where to find it, please let us know.

In the meantime, however, we will do as we have done before and publish statistical information that the Soviets have recently made available which we think might be of interest to our readers.

Preliminary Results of the 1989 Census

The Soviets have just published some data on the size of the population on January 12, 1989 and compare that with the size of the population in 1979. Table 1. indicates the breakdown by republic and by urban and rural, as well as the change from 1979. What is particularly striking about the data is that the largest increase in population occurs as we have been led to expect, in the Moslim republics of Central Asia. The republic with the largest growth was Tadzhikistan, which showed a 34%

increase. Next was Uzbekistan with 29% and Turkmenia with 28%. Kirgizia, also in Central Asia, and Azerbaidzhan, located in the Caucasus, are next. The only other republic with a large birth rate is Moldavia.

It happens that the republics have predominantly rural populations. It is the city folks who tend to have lower birth rates.

The Size of Soviet Savings Bank Deposits

The Soviets have also provided some information about the relative size of savings bank deposits. This was based on a sample of 5% of depositors. As Table 2. indicates, .002% of all savings bank deposits are over 50,000 rubles, which would be equivalent to about \$65,000 to 70,000. That would mean that there are approximately 4,000 such depositors. This, of course, does not refer to money that is being kept in the mattress, but the implication is that there are some very wealthy depositors inside the Soviet Union and they feel their money secure despite the lack of FDIC guarantees.

Relative Productivity

In a somewhat ambiguous statistical presentation, the Soviets provide an indication of how effectively the national income in the Soviet Union is used. There doesn't seem to be anything quite like this calculation in the West, but based on the Soviet data, the most effective use of national resources is in Estonia, followed by Latvia, the Russian Republic, and Lithuania.

This suggests how important the Baltic region is to the country as a whole, and why the movement towards national independence and succession by these republics is so fundamental to the Soviet Union.

CORPORATE SPONSOR SEMINARS

As the school year begins, the Russian Research Center is presenting a full program of Corporate Sponsor Seminars. In conjunction with the John M. Olin Foundation, the first seminar will be held on September 15, 1989 at the Russian Research Center. The Center's address is 1737 Cambridge Street and the seminar will take place in meeting room number 2, on the first floor of the building. As the accompanying program indicates, the seminar theme is nationalism among ethnic minorities in the Soviet Union, a particularly timely subject.

Later in the semester, we will host a second John M. Olin Foundation supported seminar, an orientation for journalists. As has traditionally been the case, this seminar will be held at the Harvard Faculty Club, 20 Quincy Street, in Cambridge. We have enclosed the program as it stands at this point. We do anticipate adding one or two more speakers, but hope that the enclosed program will provide our readers with enough of an idea of the basic conference outline.

Finally, we have organized a third seminar, to be held in conjunction with the Washington law firm of Heron, Burchette, Ruckert & Rothwell. This seminar will examine the development of joint ventures in the Soviet Union. We expect to add some additional speakers to this program as well, but have had so many requests for some information, that we are enclosing the program and application form. We urge those interested in attending to reserve space now.

Note:

The missing column from the August 1989 issue of the News is included here on page 4. We apologize for the inconvenience.

FOREIGN EXCHANGE RATES

July 12, 1989 to August 2, 1989

Quoted in rubles

	July 12	Aug 2
£100 Sterling	102.18	104.13
100 Aust. Sch.	4.69	4.77
100 D. Marks	33.07	33.52
100 D. Guilders	29.30	29.73
100 U.S. Dollars	64.07	62.64
100 Fr. Francs	9.72	9.89
1,000 Jap. ¥	4.56	4.55
10,000 It. Lire	4.55	4.66
100 Swiss Frs.	38.27	38.91
100 Nor. Kroner	9.09	9.14
1,000 Bel. Frs.	15.76	16.02
100 Sw. Kronor	9.75	9.81

See Table 1. on Page 3.

TABLE 2.

DATA ON SAVINGS BANK DEPOSITS

Deposit Balance	Specific Share	
	% of total accounts	% of total deposits
up to 300	33.3%	2.4%
300 - 1,000	22.9	9.7
1,000 - 2,500	24.6	25.4
2,500 - 5,000	12.4	27.8
5,000 - 10,000	5.7	24.5
10,000 - 25,000	1.1	9.6
25,000 - 500,000	0.03	0.5
over 500,000	0.002	0.1

.....
 • Opinions and ideas expressed in this newsletter
 • are those of the author and not the RRC or
 • Harvard University unless otherwise indicated
 •
 ©RRC 1989

TABLE 1. CENSUS DATA BY UNION REPUBLIC

Population as of January 12, 1989				1989 as a % of 1979	1989 as a % of entire pop.	
	Total	Subcategories			Urban	Rural
		Urban	Rural			
USSR	286717	188791	97926	109%	66%	34%
RSFSR	147386	108419	38967	107%	74%	26%
Ukraine	51704	34591	17113	104%	67%	33%
Belorussia	10200	6676	3524	107%	65%	35%
Uzbekistan	19906	8106	11800	129%	41%	59%
Kazakhstan	16538	9465	7073	113%	57%	43%
Georgia	5449	3033	2416	109%	56%	44%
Azerbaidzhan	7029	3785	3244	117%	54%	46%
Lithuania	3690	2509	1181	109%	68%	32%
Moldavia	4341	2037	2304	110%	47%	53%
Latvia	2681	1907	774	106%	71%	29%
Kirgizia	4291	1641	2650	122%	38%	62%
Tadzhikistan	5112	1667	3445	134%	33%	67%
Armenia	3283	2225	1058	108%	68%	32%
Turkmenistan	3534	1603	1931	128%	45%	55%
Estonia	1573	1127	446	107%	72%	28%

TABLE 3. PRODUCTION AND UTILIZATION OF NATIONAL INCOME
(Estimated per Capita)

	Production		Utilization	
	1980	1985	1980	1985
USSR	100	100	100	100
RSFSR	113	115	114	115
Ukraine	89	91	87	88
Belorussia	110	113	95	96
Uzbekistan	63	58	68	61
Kazakhstan	79	77	93	96
Georgia	91	99	90	97
Azerbaidzhan	85	83	65	66
Lithuania	98	103	108	109
Moldavia	85	82	82	80
Latvia	131	127	122	126
Kirgizia	59	58	68	65
Tadzhikistan	56	50	61	56
Armenia	96	93	82	83
Turkmenistan	70	66	67	70
Estonia	125	121	130	130

difficulty." Part of the problem is due to the fact that the wage fund rose by 9.5% in the first six months of 1989, although it was only supposed to increase by 3.5%. As a consequence, the average monthly wage rose 10% while it was only supposed to increase by 3%. Other reports published recently suggest how this has happened. In large part it is due to the fact that the budget deficit is now estimated to be close to 14% of GNP, an increase over a few months ago, when it was estimated at 11% of GNP. This also in part accounts for the fact that during the first six months of 1989, the increase in the money supply was one-third larger than the comparable increase a year earlier.

The Soviets also openly talk of unemployment. The report indicates that 6 million people were unemployed, half of whom were in Central Asia, Kazakhstan and the the Caucasus.

Another reflection of some of the social tensions in the country is illustrated by the acknowledgement that the strike situation even before the coal miners went out on strike was serious. In the first half of 1989, Soviets report a loss of workers' time equal to more than 2 million man-hours. They estimate that on average approximately 15,000 workers are out on strike on a given day.

At the same time that wages have been increasing for some, the Soviets also report that over 12% of the population receives an average wage of less than 75 rubles per month. For comparisons sake, the Soviets report that the average monthly wage is 236 rubles.

Supply of Consumer Goods

Perhaps Gorbachev biggest problem is his inability to reduce the shortages of consumer goods that have appeared. In some cases, production has increased, but not on a per capita basis and not enough when taken in conjunction with the increase in hoarding that has occurred. The Soviets acknowledged that now there are shortages of such products as television sets, refrigerators, washing machines, sewing machines, motorcycles, bicycles,